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Winski: Where do old disc jockeys go?—P. 38

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Guido Alberto Rossi/The Image Bank

What's ahead

Read my lips: Taxes

By STEVEN W. COLFORD

WASHINGTON—Consumer goods marketers, ad agencies and the media are facing Election Day with a surprising sense of skepticism about the likely winner, George Bush.

Though Vice President Bush is widely supported by the ad industry, even the prospect of four more years of a Republican administration has the industry on alert.

The reason is taxes. Although government regulation historically has been the foremost concern of advertisers and agencies, this year's No. 1 industry issue is the deductibility of advertising expenditures.

Whether the next president is Mr. Bush or Democratic nominee Michael Dukakis, there's a near-universal belief the next president will flirt with the notion of changing the full deductibility that advertising, as a cost of doing business, now enjoys.

See other election stories on Pages 16, 33, 60 and 76

There's a sense among industry leaders that the candidates are equally unpredictable when it comes to other major issues that confront advertising, whether it's ad bans, ad regulation or the creeping activism of states.

"Two months is the only difference between Bush and Dukakis when it comes to deductibility," said John O'Toole, exec VP at the American Association of Advertising Agencies.

"If Mike Dukakis wins, then it will come up right away, especially if [Harvard economist and Dukakis adviser] Lawrence Summers is part of his transition team," Mr. O'Toole said. "And if George Bush wins, then it will be two or three months before ad deductibility becomes a hot item."

Mr. O'Toole said the issue has triggered "what is probably the biggest organized effort by . . . agencies, media, advertisers and anyone else involved to fight like hell. But we still know it's coming."

Jim May, exec VP-government relations for the National Association of Broadcasters, is part of that ad-tax coalition, and he sees the issue bubbling to the surface regardless of who wins the White House.

"The ad tax is not a partisan issue," said Mr. May, formerly a government affairs executive with Coca-Cola Bottling Co. of New York. "Dukakis' adviser, Summers, is a very strong advocate of limiting deductibility, but then so is Dick Schulze, a Republican congressman from Pennsyl-

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Food makers jump on microwave kids' meals

By JULIE LIESSE ERICKSON

Microwaveable meals for children are the hot new category in food, and three new products are rushing to grab a piece of the action.

Marketers are so eager to explore the potential of nutritious, shelf-stable children's meals that two companies almost ended up with similar products carrying the same name.

While moving its Kid's Kitchen entrees into three test markets (AA, Oct. 17), Geo. A. Hormel & Co. discovered that an entrepreneurial company in Denver, Great American Food Co., was doing concept tests on a line of children's meals called Kids' Kitchen in one of those markets.

After meeting with Hormel, Great American Food changed the name of its product to Kids' Cupboard, sources say. The line should be ready for market within the next six months.

But former Beatrice Cos. executive Mary Anne Jackson beat them both to the punch.

Her new company, My Own Meals Inc., this month will launch the first broadcast advertising for My Own Meal, five shelf-stable meals being moved into Midwestern markets.

The basic premise of all three lines is simple: Parents, particularly working mothers, have less time to prepare hot, nutritious meals but still want their children to have them.

"I think it's a category that has

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My Own Meal and Hormel's Kid's Kitchen (bottom) are moving into test markets.

Highlights

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Guilty verdicts were handed down in the kick-back trial against two former A-B executives.

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A direct-marketing agency may be fingered in a fraud judgment against a resort company.

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Local races prove this year's ad strategy is the nastier, uglier and weirder, the better.

61 'WSJ' circulation falls again
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71 Snuggle ventures into the outdoors
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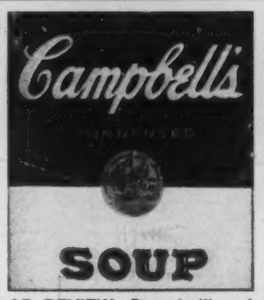
72 Popeyes tries to buy Church's
Alvin Copeland, founder of Popeyes, wants to heat up the fast-food chicken market.

72 Agencies seek profits
Agency executives contend that incentive systems fail to solve the dilemma of declining profits.

INTERNATIONAL

59 Acquisition spree in Latin America
Due to shrinking costs in Latin America, many of the world's largest agency networks are making moves to grab a share of the region's $3 billion annual ad spending.



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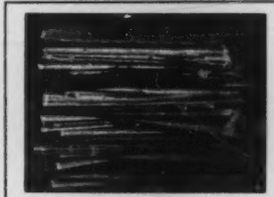

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Retailer shifts strategy

Can Sears pull it off?

By KATE FITZGERALD

When analysts meet with Sears, Roebuck & Co.'s management today, the key question they will be asking is whether the stores really can be transformed into low-price winners.

Last week, Sears left many questions unanswered when it announced a major restructuring, including abandoning periodic sales in favor of "everyday low prices." The restructuring prompted many buyout rumors on Wall Street.

Transforming itself into a low-price competitor like K mart Corp. will require more than the plans outlined on paper by Sears Chairman Edward Brennan.

Analysts say the nation's leading retailer would need to change its stores physically as well as philosophically. It would also have to significantly cut costs, including advertising, analysts say.

"We get the impression that Sears is trying to copy K mart with its new strategy, but it can't do it with its physical makeup," said Steve DiMaggio, retail analyst with Roney & Co. "Sears is in malls, while K marts are free standing, low-overhead operations. People don't leave Sears with shopping carts full of merchandise; they go there to find certain items they know have good quality and value.

"This [new pricing] strategy could wreck Sears' existing equity with consumers. It all may backfire."

The consensus is that Sears is striving to copy the formulas of the leading mass merchandisers, but the

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Nissan's Infiniti to get $50M push

By CLEVELAND HORTON

Still a year away from introducing its first cars, Nissan's Infiniti division is amassing a $50 million advertising war chest to reinforce its marketing strategy.

The unit of Nissan Motor Corp. USA also has answered one of the stickiest questions associated with any Japanese car importer trying to establish a new, upscale division: How closely will the new division be linked with the older, more established unit?

Infiniti's answer: Corporate "parentage" will be included in all advertising.

"You have to have parentage to be successful in the luxury car market," William Bruce, Infiniti VP-general manager, said at a press conference last week. Research completed by the division's ad agency, Hill, Holliday, Connors, Cosmopulos, Boston and Los Angeles, has shown that U.S. consumers will accept the notion that Nissan can manufacture a luxury car.

"We'll position the division first and the hardware second, but the ads will always say 'Created by Nissan Motor Corp.,' " Mr. Bruce said.

The tagline may be modified, he added, but Infiniti's link with its corporate parent consistently will be emphasized. "We have to prove that we have the craftsmanship, the quality . . . and in the first year we'll spend to do that."

Mr. Bruce said Infiniti's first-year budget will be 2½ times greater than the $20 million introductory budget American Honda Motor Co. spent for its Acura division in 1985.

Infiniti's situation is somewhat different from Acura's. With Honda's strong existing image, Acura wanted to create a separate identity for the division.

Like Honda, Toyota Motor Sales USA enjoys a strong, positive image in the U.S., one that might overshadow its own Lexus luxury car [illegible].

But Nissan is in the middle establishing its admittedly weak U.S. image. Mr. Bruce believes Infiniti will help polish the Nissan marque. "The division will influence Nissan greatly," he said. "It will be a major facet in the image enhancement."

Big Mac wins ad recall race after Games

By SCOTT HUME

Like the Summer Olympics that dominated the month, the September advertising awareness survey has produced some surprising winners and losers.

Turning in a gold medal performance was McDonald's Corp. advertising, which was the month's best-recalled, both overall (unaided) and specifically among fast-food restaurant chains.

Coca-Cola Co. may have spent as much as $50 million on Olympic TV advertising (AA, Sept. 12), and it co-sponsored McDonald's "When the U.S. Wins, You Win" in-store scratch-card game. It made the awareness top 10 once again, but it dropped from second place to a tie for third.

Coca-Cola saw its biggest gain when survey respondents specifically were asked which soft-drink advertising they recalled first. Brand Coca-Cola's share of first mentions jumped 6.6 points to 35%, placing right behind brand Pepsi's 37.3%. A month earlier, Pepsi had held a strong 37.9% to 28.4% lead over Coca-Cola.

Sharing third place with Coca-Cola were Anheuser-Busch's Budweiser and Bud Light brands (which ranked fourth in August). A-B broke new TV spots during the Olympics coverage for both brands.

Miller Brewing Co., which advertised its sponsorship of the U.S Olympic Training Center, returned to the top 10. Its advertising tied for the No. 7 spot with General Motors Corp.'s Chevrolet.

GM was the exclusive automotive advertiser during NBC's coverage—a designation that cost the automaker about $40 million in advertising—yet Ford Motor Co. managed to rank higher (tied for No. 5) than Chevrolet in top-of-mind awareness.

Even more surprising, when survey respondents were asked which auto marketer's advertising they recalled first, Ford got 26.3% of first mentions, up from 21.8% a month earlier. Chevrolet was second with 22.2%.

Somewhat shocking is the number of advertisers that spent millions of dollars on Olympic broadcast sponsorships but apparently reaped little or no awareness benefits.

Exclusive imported-auto advertisers Hyundai Motor America and American Isuzu Motors failed to get any mentions in the overall adWatch survey. Neither were such Olympic advertisers as Domino's Pizza, Visa International, Philips Lighting or the U.S. Army.

And GM's Oldsmobile broke its "New generation of Olds" campaign during the Games but wasn't rewarded with a single mention.

The Olympic Games weren't the month's only contests of note: There's also a presidential campaign under way and scores of state and local elections about to be decided.

That's brought the usual post-Labor Day surge in political advertising, which moved to fifth from ninth place in September on the list of best-recalled advertising.

AdWatch is a joint project of Advertising Age and SRI Research Center. Advertising awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind both overall and in specific product categories.

In September, 1,011 people were polled by phone. The survey has a margin of error of 3.1%.

Among other significant changes in the September survey:

- IBM Corp. almost pulled even in the **computer** category. IBM's share of first mentions rose 6.2 points from August to 28.8% in September, compared with Apple's 29.3% share. Radio Shack was third last month with a 2.3% share.
- Bartles & Jaymes took a 3.7-point tumble last month in the **wine** category. Its 12.2% share placed second to advertising for parent E&J Gallo Winery's wines, which received 15.2% of first mentions. Banfi Vintners' Riunite was third with a 9.1% share.#

For more information, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

AdWatch survey of advertising awareness Top 10 in September

One thousand people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? Source: SRI Research Center, Lincoln, Neb.

Rank 9/88	8/88	Advertiser	Agency
1	6	McDonald's	Leo Burnett USA
2	1	Pepsi-Cola	BBDO Worldwide
3	4	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham
3*	2	Coca-Cola	McCann-Erickson
5	5	Ford	J. Walter Thompson USA
5*	9	Political ads	Various
7	8	Chevrolet	Lintas:Campbell-Ewald
7*	—	Miller	J. Walter Thompson USA/Backer Spielvogel Bates
9	3	California raisins	Foote, Cone & Belding
10	10	Tide	Saatchi & Saatchi DFS Compton

* Indicates a tie.

How old is young?

Ask us here at *Youth Beat* - the fastest growing Sunday supplement in America.

In 1988, we conducted a successful, 16-week, coast-to-coast test. The results were so positive that starting January 8, 1989, *Youth Beat* will appear weekly in 25 newspapers and 3,334,346 circulation, increasing to 45 newspapers and 8,788,489 circulation in July, and 66 newspapers and 12,500,000 circulation by October 1989.

We thought we were publishing primarily for the younger generation - mostly teenagers in high school. But our June 1988 survey really opened our eyes: *Sixty-three percent between 18 and 34. About equally divided between men and women. Thirty-six percent married.*

Ninety percent, high school educated. Seventy-two percent employed. Average household income $32,000.

We're attracting this savvy, young-adult readership because of the range and quality of our editorial content: sports, films and music, stars and superstars, career opportunities, self-help suggestions, current affairs, education, - *plus* two page inserts of local news and features indigenous to each newspaper.

All immensely readable, clear, down-to-earth, exciting.

But whatever the attraction, *we do know* that our audience is responsive. Very responsive - making *Youth Beat* an ideal addition to your media mix.

Our readers purchase everything from cars to cosmetics. Stereos, cameras and bicycles - to costume jewelry, computers and VCR s. Food, candy and soft drinks - to records, clothes, insurance - you name it.

And why not - when they control nearly *50 billion dollars* of spendable income - directly influence another *80 billion dollars* of purchasing power.

And our rates?

Less than half that of our major magazine competitors. Our current rate of $5 a thousand for Charter Advertisers is guaranteed through December 31, 1989, *provided* there is a minimum space commitment equivalent to 6 pages and the first insertion is run by April 2, 1989.

How old is young?

Get our current survey, get our rate card, get to know all about *Youth Beat* - before it's a day older.

Just call, or write.

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